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MUNICIPAL INFRASTRUCTURE AND IDP HOUSING REHABILITATION PROJECT

CONTRACT: AID-EDH-I-00-08-00027-00
TASK ORDER: AID-114-TO-13-00005

Quarter 4 (Q4) – FY 2013 Progress Report

October 1, 2013

This publication was produced for review by the United States Agency for International Development. It was prepared by Tetra Tech, Inc.

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October 1, 2013

Mr. Bradley Carr
Water Irrigation and Infrastructure Advisor
Office of Economic Growth
United States Agency for International Development
11 George Balanchine Street
Tbilisi, 0131, Georgia

Re: Quarterly Report Year 3: 4th Quarter (July - September 2013) for the Municipal Infrastructure and IDP Housing Rehabilitation Project

Dear Mr. Carr:

This report is being submitted to you in accordance with the requirements of Task Order No. AID-114-TO-13-00005 of Contract AID-EDH-I-00-08-00027-00. It provides Tetra Tech's Quarterly Report Year 3: 4th Quarter (July - September 2013) for the Municipal Infrastructure and IDP Housing Rehabilitation Project.

We look forward to your review and welcome your comments and suggestions.

Very truly yours,



Glen A. Wills, PLS
Chief of Party
Tetra Tech, Inc.

CC: USAID (George Kokochashvili); Tetra Tech (Firouz Rooyani, Dean White, Brian Potvin, Tetra Tech DCC)

LIST OF ACRONYMS

BEO	USAID Bureau Environmental Officer
BOQ	Bill of Quantities
BSG	Black Sea Group LTD
CC	Collective Centers
CM	Construction Management
COP	Chief of Party
COR	Contracting Officer's Representative
CQS	Consultants' Qualification Selection
DB	Design-Build
DCC	Document Control Center
DH	Durable Housing
DM	Station distance along canal
DQC	Design Quality Control
EA	Environmental Assessment
EHS	Environmental, Health & Safety
EOI	Expression of Interest
ERW	Explosive Remnants of War
ESS	Environmental Scoping Statement
EC	Evaluation Committee
FBO	Federal Business Opportunities
GEL	Georgian Lari
GMIP	Municipal Infrastructure and IDP Housing Rehabilitation Project
GoG	Government of Georgia
GUWC	Georgian United Water Company
Ha	Hectare
HO	Home Office
IDP	Internally Displaced Persons
IFB	Invitation for Bid
IL	Implementation Letter
ITQ	Invitation to Quotation
JSC	Joint Stock Company
JV	Joint Venture
KM	Kilometer
LOE	Level of Effort
LTTA	Long Term Technical Assistance
M	Meter
M80	Mshenebeli 80 LTD
MDF	Municipal Development Fund
MRA	Ministry of Internally Displaced Persons from Occupied Territories, Accommodations and Refugees of Georgia
MRDI	Ministry of Regional Development and Infrastructure
NEO	New Economic Opportunities (USAID Project)
O&M	Operations & Maintenance
PEA	Programmatic Environmental Assessment
PM	Project Manager
PMP	Performance Monitoring Plan
QA/QC	Quality Assurance/Quality Control
QBS	Quality Based Selection
RCO	USAID Regional Contract Officer
RFP	Request for Proposal
RFQ	Request for Quotation
SSEMP	Site Specific Environmental Mitigation and Monitoring Plans
SSECP	Site Specific Environmental Compliance Plans
STTA	Short Term Technical Assistance
SWWIS	Septic Tank with Infiltration Field
TOR	Terms of Reference
TT	Tetra Tech, Inc.
USAID	United States Agency for International Development
USD	United States Dollar
WWT	Wastewater Treatment
WWTF	Wastewater Treatment Facilities

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INTRODUCTION

This is the first Quarterly Report submitted under Task Order EDH-I-00-08-00027-00, TO AID-114-TO-13-00005; Municipal Infrastructure and IDP Rehabilitation Program. The reporting period is for the USAID fourth quarter FY2013 that covers the period from July 1, 2013 through September 30, 2013. This contract, referred to as GMIP II, began on July 29, 2013 as a follow on contract to GMIP I, therefore this reporting period encompasses only two (2) months from July 29, 2013 through September 30, 2013.

Under the United States Agency for International Development (USAID)/Caucasus Municipal Infrastructure and IDP Housing Rehabilitation Project (GMIP) Contract No. AID-EDH-I-00-08-00027-00; Task Order No: AID-114-TO-13-00005, Tetra Tech, Inc. is responsible for providing services to monitor current processes and practices, identify and mitigate areas of risk, and carry out oversight and quality control efforts to ensure that selected infrastructure is implemented effectively and in accordance with US and Georgian standards and regulations. Efforts will not duplicate work that MDF does or might perform. The monitoring and oversight role will encompass all areas of the project, from procurement planning to final acceptance. It will help ensure that infrastructure deliverables are effective, efficient, and sustainable and that implementation is carried out within allowable budgets, time constraints, and accepted quality standards.

The period of performance for this cost plus fixed fee - contract is seventeen (17) months from the notice to proceed date of July 29, 2013 when mobilization/transition readiness and kick-off activities began in the existing Tetra Tech Tbilisi Offices. All work is to be completed by the end of 2014.

1. Reporting Period – 4th Quarter 2013

From July 1, 2013 (July 29, 2013 NTP)	To September 30, 2013
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2. Publications/Reports

Did your organization support the production of publications, reports, guidelines or assessments during the reporting period?

No/Not Applicable ☐
Yes ☒ If yes, please list below:
Publications/Reports/Assessments/Curriculums

Title	Author	Date
Kutasi Regional Hospital Assessment Report	Temur Levanishvili, TT IDP Building Rehab PM	01August 2013

3. Technical Assistance

Did your organization utilize short-term technical assistance during the reporting period?

No/Not Applicable ☒
Yes ☐ Please list below:
Consultants/TDYers

Name	Arrival	Departure	Organization	Type of technical assistance provided

4. Travel and Visits

Did your organization support international travel during the reporting period?

No/Not Applicable ☐
Yes ☒ Please list below:
International Travel (All international travel)

Name	Destination	Departure/Tbilisi	Arrival	Host Organization	Purpose of the travel
Marjory Obrien	US/HQ	12Aug2013	13Aug2013	Tetra Tech	Return to US HQ – project transition GMIP I to GMIP II

Have any Monitoring Visits/supervision been made to your program during the reporting period?

Description of Monitoring team	Start date	End date	Sites visited	Written recommendations provided
Home Office Management	7/29/2013	9/30/2013	GMIP Tbilisi Office through conferencing	Weekly conference calls provide QA/QC and add resources required to support in-country team on production of work activities, deliverables and project financials.

5. Accomplishments and Successes during the Reporting Period**Component 1: Municipal Infrastructure and Irrigation****Subcomponent 1.1 Infrastructure:**

Construction: The ONI water supply project was implemented through a design-bid-build contract. Rehabilitation of water supply head works in the town of Oni was awarded to New Development Company Construction Ltd (NDC) in August 2013. The project is ongoing with a scheduled completion date of June 1, 2014. *During this quarter Tetra Tech has provided continued construction oversight.*

Subcomponent 1.2 Irrigation:

Design/Build: Two irrigation subprojects known as the Saltvisi Canal Systems and the Tiriponi Canal systems are being implemented under a single design build contract. Scope changes, schedule challenges, and Contractor nonperformance issues have led to many concerns. *During this quarter Tetra Tech has provided continued oversight including placing staff in the contractors office for additional oversight, participated in the newly formed technical committee, and attended numerous meetings with MDF management staff. However, numerous challenges still remain (See Section 6).*

Component 2: IDP Durable Housing**Subcomponent 2.1: Cottage Settlements:** (Gori, Kareli, Kaspi and Mtskheta Municipalities)

Construction: A contract for improvements to potable water supplies in nine (9) villages and drainage/wastewater system improvements to eleven (11) Cottage Settlements of IDPs was awarded to a Joint Venture between Java Ltd and Erisimedi JSC JV in April 2013. Construction is ongoing with a scheduled completion date of July 15, 2014. *During this reporting period, Tetra Tech provided continued contract administration oversight support, construction oversight, and supplementation of MDF field staff.*

Design: A contract to provide designs to upgrade the sanitary, household water supply, and drainage systems for 11 Cottage Settlements (including drainage, waste water treatment, internal water tap connections and installation of toilets and showers) was awarded to Ecoproject Ltd in July 2013. Completion is scheduled for December 15, 2013 with construction tender to follow. *During this reporting period, Tetra Tech provided continued contract administration, design review, and oversight of MDF activities and personnel.*

Subcomponent 2.2: IDP Buildings: Under the IDP durable housing component, ten (10) unoccupied buildings, eight (8) hospitals, and twenty-six (26) collective centers (CCs) have been selected for rehabilitation.

Ten (10) Unoccupied Buildings

Design/Build: Rehabilitation works for IDP housing in ten (10) buildings, was carried out under a design build contract awarded to Mshenebeli 80 Ltd. in May 2012. A June 2012 start date was specified. *During this reporting period many design and construction issues were resolved with extensive oversight efforts. A delayed projected completion date of October 30, 2013 is projected.*

Eight (8) Hospitals

Design: A contract for the design of the rehabilitation works for IDP Housing in eight (8) hospitals was executed with Georeset in March 2013. Scope changes, schedule challenges, and nonperformance issues led to many difficulties on the hospitals project. *During this reporting period, Tetra Tech expending a great deal of effort helping to revise numerous non-compliant schedules and incomplete design submittals provided by the Contractor. We also attended numerous meetings with MDF and USAID which culminated in our recommendation to declare this Contractor in default (See Section 6).*

Twenty-eight (28) Collective Centers

Design: The design of the Rehabilitation Works for 28 IDP Housing CCs was implemented by Art Studio in March 2013. Scope changes and a frequently shifting schedule caused delays. *During this quarter, Tetra Tech provided numerous reviews of schedules and designs provided by the Contractor, and attended numerous meetings. Additional accomplishments included oversight and tracking of IDP profiling by the Danish Refugee Council to determine which Collective Centers could continue to remain in the program. At the conclusion of these efforts Tetra Tech developed a scope change that included works outside the IDP apartments which allowed the IDPs to remain in their homes while rehabilitation work was completed in common areas inside and outside the buildings.*

6. Challenges, Constraints, and Plans to overcome them During the Reporting Period

Component 1: Municipal Infrastructure and Irrigation

Subcomponent 1.2 Irrigation:

After one (1) year of implementation (approximately 75% through the contract duration), only one-third (1/3) of the project is recognized as being completed. It has been determined that M-80 will not meet the November 1, 2013 completion date and that a time extension is required. Other challenges identified by the Program Management team include a lack of funds in the budget to complete the original scope of the irrigation rehabilitation project, which is considered to be overly aggressive in scope, that puts the project at risk for a missed completion deadline.

During GMIP I, the Program Management team developed a plan which included a significant scope reduction as well as defining deliverables that were required to be submitted by M-80 by August 1, 2013. Some of those requirements have been met. However, an acceptable schedule and workplan have yet to be submitted. Another schedule was due to be submitted during the last week of September 2013. USAID has once again requested that MDF issue a cure notice to M-80.

Plans to overcome: *Due to the continued challenges and the flexibility needed to adapt to these changing conditions, the Tetra Tech QA irrigation oversight management approach has been augmented with a team of specialists who are working directly with Glen Wills, the Tetra Tech COP. DCOP Andrew High has been placed in the lead project management role with Givi Varduashvili, Senior Civil Engineer, and Otar Maghalashvili, Irrigation Specialist, providing systematic field monitoring. Additional QC field oversight is to be provided by Vasil Apkhazava, Senior QA/QC Specialist and Mamuka Shaorshadze, HSE Specialist .*

Assuming all issues will be resolved and a time extension granted, we have projected that the completion of the remaining GMIP rehabilitation work in the canals will coincide with the start of the Irrigation season and the filling of the canals on April 15, 2014. Additional work outside of the canals such as regarding and clean-up is anticipated to be completed by May 15th, 2014. The final project costs will be managed, to the extent TetraTech can participate, so as to not exceed the \$8.1m budget.

Component 2: IDP Durable Housing

Eight (8) hospitals

Design: The design of the Rehabilitation Works for IDP Housing in eight (8) Hospitals was implemented with Georeset in March 2013. A recommendation to declare this contractor in default resulted in numerous negotiation sessions with Georeset, MDF, USAID, and Tetra Tech. As a result, Art Studio is now operating under a subcontract to Georeset to complete the full rehabilitation design for six (6) of the eight (8) Hospitals (some of which are different from the originally selected buildings). Georeset is completing the design for the Khoni and Bagdati hospitals. Projected completion date for these designs is October 30, 2013.

Plans to overcome: Tetra Tech has adjusted staffing assignments for our IDP Building Rehabilitation Manager, Temur Levanishvili, and the local architect to provide interactive and expedited design reviews for the five (5) design packages required for each building (10%, 35%, 75%, 95%, and 100% level), for a total of 40 design reviews. Tetra Tech management staff is also working with MDF and Art Studio to provide a realistic staggered schedule for the design and construction periods, as this has been identified as an area of risk for the program.

Two completion dates are specified; October 30, 2013 and November 15, 2013. Periods of construction vary depending on size and scope of each project however, it is planned that construction contractors will be prequalified prior to the October dates in order that contract awards can be activated by MDF in an accelerated manner. In conjunction with these efforts, procurement for a Construction Supervision firm to manage the rehabilitation contractors for the eight (8) hospitals and twenty six (26) collective centers is underway. Twelve (12) companies responded to a July 5, 2013 Solicitation for Expression of Interest.

Plans to overcome: Mamuka Makhatadze, Tetra Tech Procurement Specialist, is assisting the Procurement Officer in an attempt to keep these procurement efforts on schedule. Evaluation of the qualifications for the twelve (12) construction management firms is being conducted by MDF with an independent review by Tetra Tech. Since projected construction periods could be as long as one (1) year, this is an area of an identified risk for the program.

Design: Twenty-eight (28) Collective Centers (CCs)

The design of the rehabilitation works for IDP housing in 28 CCs was implemented by Art Studio in March 2013. Scope changes and scheduling difficulties caused significant delays in this project. These changes were due to MRA's inability to identify and provide temporary housing for the IDPs currently living in the CCs. The program management team recommended a scope change that included only work on the exteriors of the buildings and any interior spaces that are currently used as common spaces. This resulted in a change order to the Art Studio's contract. The program was also reduced to twenty-six (26) of the original twenty eight (28) Collective Centers.

Plans to overcome: Tetra Tech has adjusted staffing assignments for our IDP Building Rehabilitation Manager, Temur Levanishvili, and the local architect to provide interactive and expedited design reviews for the five (5) design packages required for each building (10%, 35%, 75%, 95%, and 100% level) for a total of one hundred thirty (130) design reviews. Tetra Tech management staff is also working with MDF and Art Studio to provide a realistic staggered schedule for the design and construction periods as this has been identified as an area of risk for the program.

Completion dates are to be staggered and will be established shortly since periods of construction will vary depending on size and scope of each project, which have yet to be finalized. Tetra Tech plans to use the same construction contractors prequalified for the eight (8) Hospitals for the construction of these CC's. Prequalification is planned prior to the October dates so that contracts can be awarded by MDF in an accelerated manner. In conjunction with these efforts, procurement of a Construction Supervision firm to manage the rehabilitation contractors for the eight (8) hospitals and twenty six (26) collective centers is underway. Twelve (12) companies responded to a July 5, 2013 Solicitation for Expression of Interest.

Plans to overcome: Mamuka Makhatadze, Tetra Tech Procurement Specialist, is assisting the MDF Procurement Officer in an attempt to keep these procurement efforts on schedule. Evaluation of the qualifications for the twelve (12) Construction Management firms is being conducted by MDF. with an independent review by Tetra Tech. Since projected construction periods could be as long as one (1) year, this is an area of an identified risk for the program.

7. Major Activities Planned in the Next Reporting Period

Component 1: Municipal Infrastructure and Irrigation

Subcomponent 1.1 Infrastructure:

Construction: The ONI water supply project is ongoing with a scheduled completion date of June 1, 2014. *During the upcoming quarter, Tetra Tech will provide continued construction oversight.*

Subcomponent 1.2 Irrigation:

Design/Build: Rehabilitation of portions of the two irrigation systems known as the Saltvisi and Tiriponi Canal systems are ongoing. *During the upcoming quarter, Tetra Tech will provide continued field oversight, participate in the technical committee sessions, and attend meetings with MDF management staff to report and consider further adjustments that may be required.*

Component 2: IDP Durable Housing

Subcomponent 2.1: Cottage Settlements: (Gori, Kareli, Kaspi and Mtskheta)

Construction: The Cottage construction of the potable water supply improvements in 9 villages being implemented by Java Ltd. will continue through July 15, 2014. *During the upcoming quarter Tetra Tech will provide continued contract administration oversight support and construction oversight to supplement the MDF field staff.*

Design: Sanitary Upgrades, Household water supply, and drainage for 11 Cottage Settlements (Ecoproject Ltd) are scheduled for 15 December 2013. (Construction tender to follow). *During this upcoming quarter, Tetra Tech will provide continued contract administration, design review, and MDF oversight. We will also provide oversight for the procurement and award of the construction contract.*

Subcomponent 2.2: IDP Buildings:

Ten (10) Unoccupied Buildings

Design/Build: Completion of rehabilitation Works for IDP Housing (10 Bldgs), is currently scheduled for October 30, 2013. *During this upcoming quarter, Tetra Tech will provide oversight for the closeout activities conducted by MDF, facilitate, and fund the ten (10) inauguration events.*

Eight (8) hospitals

Design, Procurement, & Construction Oversight: The design of the rehabilitation works for IDP housing in eight (8) Hospitals is projected for completion on 30 October 2013. Two (2) sites are under design by Georeset and six (6) by Art Studio. *During this upcoming quarter, Tetra Tech will provide the design, procurement, and construction services as described in Section 6 of this report. Tetra Tech will also provide construction oversight and contract administration oversight of the Construction Supervision services to be contracted by MDF.*

Twenty-eight (28) Collective Centers (CCs)

Design, Procurement & Construction Oversight: The design of the rehabilitation works for IDP housing in 28 CCs is projected for completion in a phased approach. *During this upcoming quarter, Tetra Tech will provide the design and procurement as described in Section 6 of this report. Tetra Tech will also provide construction oversight and contract administration oversight of the selected Construction Supervision firm.*

8. Environmental compliance

There are no known existing environmental issues.

Tetra Tech has developed an environmental review format specifically tailored to GMIP including an Environmental Mitigation and Monitoring Plan (EMMP), based on the USAID Georgia Bureau's Environmental Review Form and in collaboration with GMIP staff.

- We have trained local project engineers and appropriate administrative staff to use the environmental review format and to develop and implement the EMMP on the sites under investigation.
- We are using environmental review/compliance-related forms for the current field investigations.
- Reporting environmental compliance to USAID will be a part of the site adaptations process planned for the first Quarter of 2014.

9. Financial accomplishment

Life of Project budget	Obligated to date	Expenditure (Accrual & actual disbursement) to date (9/30/2013) (c)	Remaining balance (d) = (b) – (c)
(a)	(b)	(c)	(d)
\$2,899,935	\$2,225,935	\$ 430,500	\$1,795,435

Obligated to date	Expenditure (Accrual & actual disbursement) to date – (9/30/2013) 4Quarter 2013 (b)	Expenditure Projections 1Quarter 2014 (c)	Expenditure Projections 2Quarter 2014 (d)	Remaining balance (e) = (a)-(b)-(c)-(d)
(a)	(b)	(c)	(d)	(e)
\$2,225,935	\$ 430,400	\$ 555,689	\$ 575,100	\$ 645,235

10. Issues requiring the attention of USAID Management

Tetra Tech continues to fill numerous gaps in project management, contract administration and field oversight that were identified in the Gap Analysis Report. MDF's weakness in contract management, field inspection oversight and scheduling is impacting the effectiveness of the GMIP.

11. Data Sharing with Host Government:

Have you shared this report with the host government?

Yes ☐
No ☒

If yes, to which governmental office/s?

If No, why not?

Tetra Tech is under contract with USAID for the GMIP program. Therefore, we will not distribute this report until we have concurrence from USAID on the content contained herein, and also concurrence to distribute the report to the appropriate agencies, one of which is MDF. We will seek this concurrence.

12. Appendices – N/A this quarter

USAID/GMIP

U.S. Agency For International Development
US Embassy 11 George Balanchine Street
Tbilisi, 0131, Georgia